DOCUMENT RESUME

ED 211 800 CE 031 084

AUTHOR	Colby, Pamela G.
TITLE	Getting Down to Business: Pest Control Service, Module 28. [Student Guide]. Entrepreneurship Training Components.
INSTITUTION	American Institutes for Research in the Behavioral Sciences, Palo Alto, Calif.
SPONS AGENCY	Office of Vocational and Adult Education (ED), Washington, D.C.
PUB DATE	Apr 81
CONTRACT	300-79-0535
NOTE	84p.; For related documents see CE 031 026-101 and CE 031 324.
AVAILABLE FROM	Wisconsin Vocational Studies Center, 964 Educational Sciences Bldg., Madison, WI 53706 (Order No. ETC100HH1, $6.00. 25% discount on 100 or more of same title. Complete set--ETC100--$200.00).
EDRS PRICE	MF01/PC04 Plus Postage.
DESCRIPTORS	Administrator Role; Advertising; *Agricultural Chemical Occupations; *Business Administration; *Business Education; *Business Skills; Financial Support; Learning Activities; Money Management; *Pesticides; Recordkeeping; Salesmanship; Secondary Education; Service Occupations
IDENTIFIERS	*Entrepreneurship; *Pest Control; Small Businesses

ABSTRACT

This module on owning and operating a pest control service is one of 36 in a series on entrepreneurship. The introduction tells the student what topics will be covered and suggests other modules to read in related occupations. Each unit includes student goals, a case study, and a discussion of the unit subject matter. Learning activities are divided into individual activities, discussion questions, and a group activity. Units (and subject matter) in this module are planning your business (services, customers, and competition; personal qualities; how to compete well; legal requirements); choosing a location (customers nearby; area; space; building; rent); getting money to start (business description; statement of financial need; meeting with the loan officer); being in charge (hiring; matching people and tasks; training); organizing the work (keeping track of the work; scheduling the work); setting prices (costs for supplies and workers; demand for services; competition; costs and expenses; profit); advertising and selling (plan your advertising; ways to advertise; "people" ads; how to design printed ads); keeping financial records (customer billing form; daily cash sheet); and keeping your business successful (profit/loss statement; change your business to increase sales). A summary and quiz complete the document. (A teacher's guide is available for this module.) (CT)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED211800

ete

Entrepreneurship Training Components

GETTING DOWN TO BUSINESS:

Module 28

Pest Control Service

CE031084

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION

PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

C Kaplan

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC).

American Institutes for Research

The information reported herein was obtained pursuant to Contract No. 300-79-0535, Office of Vocational and Adult Education, U.S. Education Department. Contractors undertaking such projects under government sponsorship are encouraged to document information according to their observation and professional judgment. Consequently, information, points of view, or opinions stated do not necessarily represent official Education Department position or policy.

GETTING DOWN TO BUSINESS:

Pest Control Service

Pamela G. Colby

April 1981

Developed at the American Institutes for Research
under support from the
Office of Vocational and Adult Education
U.S. Education Department

The Entrepreneurship Training Components are based on information from many sources. Special acknowledgement is due the Small Business Management and Ownership materials designed and tested by CRC Education and Human Development, Inc. for the U.S. Office of Education's Bureau of Occupational and Adult Education. Special thanks are owed the entrepreneurs who shared their experiences during the preparation of this module.

TABLE OF CONTENTS

Introduction 1

Unit 1
Planning a Pest Control Service 3
Learning Activities 9

Unit 2
Choosing a Location 11
Learning Activities 17

Unit 3
Getting Money to Start 19
Learning Activities 26

Unit 4
Being in Charge 29
Learning Activities 35

Unit 5
Organizing the Work 37
Learning Activities 43

Unit 6
Setting Prices 47
Learning Activities 54

Unit 7
Advertising and Selling 57
Learning Activities 63

Unit 8
Keeping Financial Records 65
Learning Activities 72

Unit 9
Keeping Your Pest Control Service Successful 75
Learning Activities 82

Summary 85

Quiz 87

INTRODUCTION

How are you going to use your job skills after you finish school?

Have you ever thought about starting your own pest control service?

This module describes people who have started and managed pest control services. It gives you an idea of what they do and some of the special skills they need.

You will read about

- planning a pest control service
- choosing a location
- getting money to start
- being in charge
- organizing the work
- setting prices
- advertising and selling
- keeping financial records
- keeping your pest control service successful

You will also have a chance to practice some of the things that pest control service owners do.

Then you will have a better idea of whether a career as a pest control service owner is for you.

Before you study this module, you may want to read Module 1, Getting Down to Business: What's It All About?

When you finish this module, you might want to read

Module 27, Getting Down to Business: Guard Service;
Module 29, Getting Down to Business: Energy Specialist Service.

These modules are related to other businesses in the technical area.

UNIT 1

Planning a Pest Control Service

Goal: To help you plan your pest control service.

Objective 1: Describe the services, customers, and competition of a pest control service.

Objective 2: List three personal qualities a pest control service owner might have.

Objective 3: List two ways to help your pest control service "stand out" from its competition.

Objective 4: List two special legal requirements for running a pest control service.

ERIC HOLMS PLANS A PEST CONTROL SERVICE

Eric Holms wants to start a pest control service. He studied business management and plant science in high school. When he was 18, he decided to get a job rather than go to college. Carlos Mejia, a friend of Eric's father, needed hard workers for his pest control service. Carlos offered Eric a job.

Eric has now worked for Carlos for two years. Eric likes the work and the customers. He asks Carlos many questions about running the service. He's learned a lot. He got so interested, he decided to take some junior college night courses related to the business. He studied about insects and plants, plus more business management. Now he feels ready to start his own service.

Eric decides to specialize in outdoor pest control, because that's what he knows best. His service will identify and get rid of insects that attack trees, shrubs, and plants. His area has good weather all year. So many people have gardens and lots of trees. Someday he may decide to expand his service to include indoor pest control, too.

Eric gets a business operator's license from his state licensing agency. He also needs a pest control license from the state Agricultural Commission. To get that, he takes and passes a written and oral exam about pest control.

Eric doesn't want to compete with his friend Carlos. He plans to start his service in an area with many new homes. He tells Carlos, "There won't be too much competition there yet. I want to build a reputation for quick, high quality service. If I build a good reputation, my customers will tell their friends about my service. That will give me an edge over any competition."

Planning a Pest Control Service

There are many, many small businesses in America. Small businesses can have as few as one worker (the owner) or as many as four workers. A small business owner is "self-employed." Often a whole family works together in a small business.

There are four main things that help Eric plan his pest control service. (1) He decides what his services, customers, and competition will be. (2) His personal qualities will help him run his service. (3) He plans to build a reputation to help him compete well. (4) He meets the legal requirements for running his service. Read on to learn more about these things.

Services, Customers, and Competition

An important planning step is to decide what services you will offer, who your customers will be, and what your competition offers.

Services. You can offer indoor or outdoor pest control, or both. With indoor pest control, you are getting rid of pests such as termites and ants. These pests cause problems inside. With outdoor pest control, you are getting rid of pests that can ruin people's plants and trees.

Customers. With indoor pest control, your main customers will be people who are bothered by pests in their homes. For example, in some areas many people have ants invade their homes in rainy seasons.

With outdoor pest control, your main customers will be businesses and homeowners who find pests attacking their trees, shrubs, and gardens. These customers need your service to keep their trees and plants alive and healthy.

Competition. There is a lot of competition in the pest control business. You can look up your competition in the Yellow Pages of your phone book. To learn more, call and ask about their services and prices.

Personal Qualities

Eric has several personal qualities that will help him run his service.

Knowledge. He has taken courses related to pest control and business management.

Experience. He has worked for a pest control service. Besides learning how to do the work, he has asked questions to learn how to run the business.

Attitude. Eric has a very positive attitude about running a pest control service. He likes the work and the customers. He was so interested, he took junior college courses while he worked. He wants to build a reputation for high quality service.

Knowledge of pest control and of business management, work experience, and a positive attitude will help you run your service.

How to Compete Well

There are three ways you can help your pest control service "stand out" from its competition.

New services. Offer new services your competitors do not provide. For example, your competitors may offer indoor pest control. Then you will stand out if you offer outdoor pest control.

Special services. Offer special services in addition to your basic services. For example, you could offer a special "annual check-up" to make sure customers' plants are healthy even if there are no pests.

Special business image. Create an image of your service that people will remember. For example, Eric plans to build a reputation for quick, high quality service. He can tell customers about his knowledge and experience. He will make sure he and his staff do excellent work. That way people will know his service is professional and reliable.

Legal Requirements

Contact your state licensing agency to learn the state laws for starting your service. You will need a business operator's license. You will also need one or more pest control licenses. You will probably have to pass state exams. Find out what you must know for the exams.

You will also need to insure your staff and equipment. Talk with a reliable insurance broker about your insurance needs. You will want to have "liability" insurance. This will protect your service from claims about damage to people or property.

You will also want to know exactly what kinds of sprays and other pest control methods are legal for you to use. Many pest control services now use sprays and methods that are harmful only to the pests. Also, reliable pest control services stop spraying when the temperature or wind gets above a certain level. Since you will want to offer the best service possible, make sure you know and meet all these requirements.

Summary

It takes a lot of careful planning to get any business off to a good start. You now know some things to think about when you plan your pest control service.

Learning Activities

Individual Activities

1. Pretend that your service will offer indoor and outdoor pest control. Look up "Pest Control" in the Yellow Pages of your phone book. Decide which businesses listed there would be competition for you. Call one or more and ask what services they provide.

2. Below are personal qualities that will help you run your pest control service. For each one, decide if you have it now, want more, or both. Put checks in the columns to show what you decide.

	Have it now	Want more
a. Knowledge of pest control	a.	a.
b. Knowledge of business management	b.	b.
c. Work experience in pest control	c.	c.
d. Work experience in business management	d.	d.
e. Positive attitude about pest control service	e.	e.

3. What is a "special" pest control service that people in your area might like (for example, a yearly "tree physical exam")? Write down what the special service would be and why you think people would like it.

4. Call your state licensing agency. Ask what the legal requirements are for running a pest control service.

Make a list of the requirements. Ask questions about any you do not understand.

5. Call one or more community colleges in your area. Ask if they have courses related to pest control. Find out what is covered in the courses.

Discussion Questions

1. What customer needs does a pest control service meet? Do you think those needs exist in your area? Why, or why not?

2. Why does Eric decide to specialize in outdoor pest control? Do you agree with his decision? Why, or why not?

3. Do you think Eric is making a good start at planning his service? Why, or why not?

Group Activity

List questions to ask pest control service owners about how they planned their services. For example: "Why did you decide to start a pest control service? What did you do to plan it? What services do you offer? What customers do you serve? What is your competition like?" Those are just a few questions to get you started. You can probably think of more.

Invite pest control service owners to visit your class. Ask them your questions. Or interview owners outside of class. Different students should interview different owners. Then take turns reporting to the class on what you learn in the interviews. Do the owners all have the same answers to the questions? If not, how are the answers different? Why do you think the answers are different?

UNIT 2

Choosing a Location

Goal: To help you choose a location for your pest control service.

Objective 1: List three things to think about in deciding where to locate your pest control service.

Objective 2: Pick the best location for a pest control service from three choices.

ERIC PICKS A LOCATION

Eric decides he is ready to pick the location for his service. He has already decided to locate in an area with many new homes. The new homeowners are planting young trees, grass, and gardens. They want to be sure their trees and plants grow well.

"I know the general area I want," Eric says to himself. "But which location in that area is best?"

Eric visits three possible locations. The first is near a freeway. From there it would be easy to go quickly from one end of town to the other. There's enough space for all his equipment. He can afford the rent, too.

The second location is on the outskirts of the area where Eric's customers live. It would take a long time to drive to some of his customers' homes from there.

The third place Eric visits is near a new shopping center. Many people would see his service on their way to and from shopping. But the rent is twice as much as Eric can afford to pay.

Eric decides to locate his service at the first location, near the freeway.

Choosing a Location

There are several things to think about when you choose a location for your service. Eric may have made a list of questions he was asking himself about each place. His list might have included these questions.

- Are there enough customers nearby?
- What is the area like?
- Is there enough space to run my business?
- Is the building in good condition?
- Can I afford the rent?

Read on to learn more about each question.

Customers Nearby

Eric decides against the location on the outskirts of the area where his customers live. He wants to be able to get to their homes quickly. From the first location near the freeway, he can get to many homes quickly.

Like Eric, you will want to locate your service near your customers. Customers bothered by pests will want quick action from you.

Area

Eric knows the general area he wants. When you pick an area, think of how it fits your "business image." For example, a run-down part of town may not be good for your image. You don't want customers to think your service is run-down!

Find out about other businesses in the area. If many new businesses have closed, it may not be a good area for you. It's true that many businesses fail. But you will want to start yours where others are doing well.

Space

Decide how many square feet of space you need. You will probably want a reception area and a private office. You will need a garage or other storage area large enough to hold all your equipment.

Building

Choose a building that is in good condition. You want your service to look professional. Also, you don't want to have to worry about problems such as plumbing and electricity. The building does not have to be brand new to be in good condition.

Rent

If you locate in a middle- to upper-class area, your rent probably won't be cheap. Check several offices in the area to see what the average rent is. Then decide if you can afford it. Keep in mind that you won't need expensive office decorations. Few customers will visit there.

Summary

When you pick a location for your pest control service, ask yourself these questions.

- Is it near my customers?
- Will the area help my business "image"?
- Is there enough space?

- Is the building in good condition?
- Can I pay the rent?

If you answer "yes" to all those questions, it is probably a good location.

Learning Activities

Individual Activities

1. Get a map of your area from the Chamber of Commerce or city planning department. Pick a location that you think is near potential pest control customers. Visit the location. Figure out how large an area you would serve if you wanted at least 200 customers at first. Keep in mind that you probably won't get every home as a customer.

2. Look up newspaper ads for commercial/industrial and storage space to rent. Pick one or more in locations near potential customers. Find out the number of square feet and the rent. Decide if the space and rent are right for someone starting a pest control service. If you can, visit the locations to see exactly what they are like.

3. Choose a location in your area that you think is good for a pest control service. Visit the location. Write down a description of it. For example, describe the homes and businesses there. Or draw a picture of the area. Report to the class about the location you pick. Describe it and say why you think it is a good location for a pest control service.

4. Look up the addresses of pest control services in the Yellow Pages. Visit one or more. Decide if you think they are in good locations.

5. Call one or more pest control service owners. Ask them why they picked the locations they did. Ask them if they are satisfied with their locations.

Discussion Questions

1. Do you think Eric picked a good location for his service? Why, or why not?

2. Pretend the shopping center location Eric looked at had very low rent. Would that be a good location for his service? Why, or why not?

3. Do you think that your service location can help make a good impression on customers? Why, or why not? What things about the location would make a good impression? A bad impression?

Group Activity

Invite one or more pest control service owners to visit your class. When you invite them, ask where their services are located. Write down what the area is like, the building condition, and other things that describe the location. Or draw a picture of the area. Report on the locations to the class before the owners visit.

When the owners visit, ask them why they picked the locations they did. Ask questions such as these.

- Are your customers nearby? If not, how far away are they?
- How much space do you have in your office? How is it divided up? How much space does your pest control equipment take up?
- Is rent a big part of your monthly expenses?
- How often do customers visit the office? Can you tell what they think of the location?

Your class can probably think of many more questions to ask.

After the owners leave your class, decide which locations your class thinks are good ones, and why.

UNIT 3

Getting Money to Start

Goal: To help you plan how to borrow money to start your pest control service.

Objective 1: Write a business description of your pest control service.

Objective 2: Fill out a form showing how much money you need to borrow to start your service.

ERIC APPLIES FOR A LOAN

Eric decides to figure out if he has enough money to start his pest control service. He adds up everything he needs to pay for to start it. The total comes to $30,200. Eric has $10,000 in his savings account. His parents will lend him $12,000. So he needs $8,200 more. He decides to apply for a loan from his bank.

The bank loan officer tells Eric he must provide two kinds of information. One is personal information about Eric's education, work experience, and finances. For that, Eric updates his resume and fills out a bank form about his finances.

The second kind of information the bank needs is about Eric's business plans. Eric must write a business description of his plans for his service. He must also fill out a statement of financial need. That must show his start-up costs, how much money he has now, and how much more he needs.

Eric knows he must "sell" the bank on his plans. He spends a lot of time carefully preparing the papers the bank requires.

Getting Money to Start

When Eric applies for a loan, the bank wants information about him and about his business plans. If you apply for a loan, the bank will need information about you and your business plans. You can start now to keep a list of your education, work, and finances. That will help you provide the information about you.

For his business plans, Eric's bank needs his business description and statement of financial need. Read on to learn how Eric prepares those two things.

Business Description

Eric's bank wants to know exactly what his business will be and how he will run it. His business description must show that he has made careful, complete plans. It must be organized and clear. Remember, he has to "sell" the bank on his idea!

Eric's bank requires five kinds of information in the business description.

- Kind of business. Exactly what kind of business is it?
- Location. Where will it be located, and why?
- Competition. What is the competition like?
- Customers. Who are potential customers?
- Plans for success. How does Eric plan to make his service "stand out"?

Read on to see how Eric's business description covers the five kinds of information.

Kind of business. Eric writes: "I plan to start an outdoor pest control service. I will be the sole owner. I will hire a full-time secretary plus two full-time spray rig operators."

Location. Eric writes: "I will locate my service in a new housing development. The location is near a freeway, which gives me quick access to my potential customers. I can rent office space and storage space for my equipment."

Competition. Eric writes: "Right now there is no competition in my location. I plan to offer high-quality service so that I will stand out from any competition."

Customers. Eric writes: "I plan to attract customers in the new housing development. Many of these homeowners will have young trees and other plants they want protected from pests."

Plans for success. Eric writes: "I plan to build a reputation for quick, excellent service. I already have knowledge and work experience in pest control. I will hire the best staff I can. I plan to talk with each homeowner in the new housing development. I have already talked with 50 who said they would use my service."

You can see that Eric's business description gives the information the bank requires. Read on to learn about Eric's statement of financial need.

Statement of Financial Need

Eric's statement of financial need must show his start-up costs, how much money he has now, and how much more he needs. The way Eric's completed statement looks is shown on the next page.

STATEMENT OF FINANCIAL NEED

Starting Expenses		Money on Hand	
Salaries (first month)	$ 5,000	Cash on Hand	$10,000
Rent (first & last mo.)	2,000	Investment by Others	12,000
Equipment & Furniture	20,000	TOTAL	$22,000
Supplies	800		
Advertising	1,100		
Other	800		
TOTAL	$30,200		

TOTAL STARTING EXPENSES	$30,200
TOTAL MONEY ON HAND	$22,000
TOTAL LOAN MONEY NEEDED	$ 8,200

You can see that Eric's starting expenses add up to $30,200. He has $10,000 in his savings account. That's his "Cash on Hand." His parents will invest $12,000 in his service. So he needs $8,200 in loan money from the bank.

Eric's biggest starting expense is buying a spray rig. In his area a rig costs $20,000 today. But if he maintains it well, it should last for years.

Meeting with the Loan Officer

After Eric completes all the paperwork, he submits it to the bank loan officer. After the bank studies the application, the loan officer calls Eric for a meeting.

The loan officer makes suggestions about Eric's plans. Eric listens and decides the suggestions are good ones. He also answers questions about how he will run his service.

At the end of the meeting the loan officer smiles and says, "Congratulations, Eric! Your loan is approved. All the paperwork you gave me

about your plans was organized and clear. You did four other things that made me think you will run your service well. First, you listened to my advice when I made suggestions about your service. That makes me think you will also listen to accountants or lawyers if you need their advice. Second, you were ready to answer questions about your service. That makes me think you will be able to think about and solve problems. Third, you are willing to invest your own money. That tells me you have confidence in the success of your service. Fourth, you are willing to put a lot of your energy into your service. You know it takes a lot of time and hard work to start a business and keep it running. Good luck, Eric!"

The four things the loan officer describes can help convince a bank you are a good business risk.

Summary

To apply for a business loan, you need to provide information about yourself and your business plans. You now know the kinds of information to include in your business description and statement of financial need. You also know some other things that help convince people you are a good business risk.

Learning Activities

Individual Activities

1. Pretend that the statement of financial need shown below is for your pest control service. Fill in the blanks. How much loan money do you need?

STATEMENT OF FINANCIAL NEED

Starting Expenses		Money on Hand	
Salaries (first month)	$ 6,000	Cash on Hand	$15,000
Rent (first & last mo.)	2,500	Investment by Others	8,000
Equipment & Furniture	25,000	TOTAL	$23,000
Supplies	900		
Advertising	1,000		
Other (licenses and insurance)	700		
TOTAL	$ 36,100		

TOTAL STARTING EXPENSES $_____

TOTAL MONEY ON HAND $_____

TOTAL LOAN MONEY NEEDED $_____

2. Call one or more pest control services listed in your Yellow Pages. Ask where they bought their spray rigs and how much they cost. Find out if there are other places to buy them. Call the sellers and ask what the prices are now. If there is more than one seller, decide which one gives the best deal.

3. Call one or more pest control services and ask what their monthly supply costs are. Find out exactly what they include in their supply costs. Ask if those costs would be the same for someone starting a service. Report to the class what you learn.

4. Write a business description about the kind of pest control service you might start. You may have to make up some information, such as the address. Try to make your business description organized and clear. Include information about these five things: (1) kind of business; (2) location; (3) competition; (4) customers; and (5) plans for success.

Discussion Questions

1. Do you think Eric's business description is organized and clear? Why, or why not? Does it describe what his business will be and how he will run it?

2. Can you think of any start-up costs Eric forgot to include in his statement of financial need? If so, what?

3. If you were the loan officer at Eric's bank, would you give him the loan? Why, or why not?

Group Activity

Invite one or more loan officers to visit your class. If possible, invite them from different places. For example, banks, credit unions, and the Small Business Administration all give loans. Ask what they require when people apply for a business loan. Do they all have the same requirements? If so, what are they? If they have different requirements, how and why are they different? Do they all require a business description and a statement of financial need? Ask questions about any requirements you don't understand.

UNIT 4

Being in Charge

Goal: To help you plan to hire and train employees and divide the work of your pest control service.

Objective 1: Decide how to divide the work of your pest control service among several employees.

Objective 2: Pick the best person for a specific job in your pest control service.

Objective 3: Describe one kind of training you might give your employees.

ERIC HIRES HIS STAFF

After Eric gets his bank loan, he decides to hire the staff he needs. He decides he needs a secretary to help him answer the phones. The secretary can also help him with recordkeeping. In addition to the secretary, he needs a person to operate the spray rig.

Eric runs two ads in the newspaper. One says: "Looking for organized person with secretarial/phone answering/bookkeeping skills to help run a small office." The other says: "Wanted for my pest control service--hardworking, physically strong people with no allergies. Must like outdoor work. Pest control experience a plus." Eric lives in an area where many people are looking for work. He gets several calls in response to each ad.

Two of the people Eric interviews are Stan and Hope. Stan wants the secretarial job. He did part-time secretarial work to put himself through junior college, where he studied bookkeeping. Stan has excellent recommendations from the companies where he worked. They all say that he is organized and deals well with people on the phone.

Hope responds to Eric's second ad. She just graduated from junior college, where she took mostly P.E. and science courses. She wants a job where she can work outside. She spent last summer on a road construction crew. But now she wants something more related to science.

Eric calls Hope's road crew boss and finds out she's a careful, hard worker. The boss also says, "She's bright and learns fast. She was great at showing new people how to do a job."

Eric interviews several other people. He decides that Stan is the best person for the secretarial job. He also hires Hope as his spray rig operator. He thinks she has potential to supervise other rig operators if the service expands.

Being in Charge

Being in charge means that you are the boss. You make the decisions about how to run your service. Some of your most important decisions will be about hiring. You will want to hire the best people you can for every job in your service. You will want to make sure they have the training required for those jobs. Read on to learn more about the kinds of decisions you will make when you hire and train your employees.

Hiring

Your first decisions are what jobs you need filled and how many people you need for each job. Like Eric, you will probably need a spray rig operator. You will probably also want someone with good secretarial and phone skills to help you with office work. The exact number of people you need for each job will depend on the size of your service.

Next, you must decide where to look for people to hire. Eric decides to run newspaper ads. His ads tell exactly what kinds of people he needs. You can see that Eric gets a lot of information into two short ads. That's because he's already decided exactly what he wants in his staff. So his ads are clear and direct.

You can also contact employment agencies for people to hire. Make sure you explain exactly what kinds of people you want. That will help them refer only well-qualified people to you.

Colleges and other schools usually keep lists of their graduates who want work. Many community colleges now offer courses related to pest control. These colleges can be an excellent source of staff for your

service. Students who have taken pest control courses will already have some basic knowledge related to your service.

Check people's references before you hire them. From the pool of people you interview, you can hire full-time or part-time staff, depending on your needs.

Matching People and Tasks

You will want to be sure all your employees know exactly what their jobs are. Give your employees written job descriptions of all their tasks.

Since Eric's ads clearly describe what he wants, job hunters can tell if they are qualified. They can tell if they match the job requirements. Eric wants to hire people whose skills match his job needs. You will want to do the same.

Eric decides that Stan and Hope match the requirements for two of his jobs. He is also planning for the future when he hires them. Since Stan studied bookkeeping, he may be able to take over that work. Then Eric can spend more time on other things, such as trying to get more customers.

Eric also thinks that Hope may be able to supervise other rig operators someday. That would relieve Eric of the supervising responsibility. He could spend more time on ways to expand his service. You will want to match your employees with tasks they like and do well. To plan for the future, you will also want to hire people who show potential to take on more responsibility.

Training

If you hire a secretary, you will want to train that person to help run your office. Training will include how to: answer the phone; fill

out work orders; bill customers; and keep records and files. Ask your secretary for ideas about how to run the office well.

Training your spray rig operators will take more time, unless they already have pest control experience. You will want to make sure they understand how to spray safely. This includes knowing proper spray techniques, amounts, and when to stop. For example, if the air temperature or wind gets above a certain level, you should stop. Otherwise, you might harm nearby people, animals, or plants.

To offer the best service possible, all your operators must know all the safety standards for your service. More and more pest control services are using sprays that harm only the pests they are designed to control. You will want to train your employees to use these types of sprays whenever possible. You will also need to train your employees to maintain the spray rigs and other equipment. High-quality pest control services do maintenance checks on their equipment every day.

You may want to go along with your rig operators every so often. That way you can see if they need more training. Ask them for suggestions of areas in which they want more training. Your state Agricultural Commission will probably send investigators to make sure your service is operating safely. So keep your staff's skills up to date.

Summary

Hiring the best people you can is a key part of running your service well. You need to know exactly what jobs you need done and what kinds of people you need to do them. The people you hire need to know exactly what is expected of them. You will want to give your staff on-the-job training to make sure your service operates safely and professionally.

Learning Activities

Individual Activities

1. Write an ad to recruit people as spray rig operators for your pest control service. Write the ad so it tells exactly what kinds of people you need.

2. Write a paragraph about the employees you need for your service. Include these things in the paragraph: (1) the number of employees you need; (2) what their duties will be; and (3) what background and personal qualities you want them to have.

3. Call one or more community colleges in your area. Ask if the owner of a pest control service could advertise for employees there. Find out the procedures for using the college as a source of employees.

4. Call one or more pest control services. Ask how many employees they have and what their jobs are. You may call more than one service. If so, compare their answers to see if their employees' duties are the same or different.

5. Call one or more pest control services. Ask what training they give their employees. You may call more than one service. If so, compare their answers to see if their training is the same or different.

Discussion Questions

1. Do you think Eric's ads do a good job of telling what kinds of employees he needs? Why, or why not?

2. Do you think Eric made a good decision when he decided to hire Stan and Hope? Why, or why not?

3. Why should you give your spray rig operators on-the-job training?

Group Activity

In pairs, take turns role playing a hiring interview. One of you is the owner of a pest control service. The other is someone applying for a spray rig job with that service. The purpose of this activity is for you to practice being a pest control service owner. When you run your own service, you will interview people before you hire them. This gives you a chance to practice an interview.

When you play the owner, decide what background and personal qualities you want your staff to have. You must do two main things in the interview: (1) ask questions to find out if the applicant qualifies for the job; and (2) tell the applicant what the job duties will be.

When you play the applicant, decide on your background and personal qualities. Then "be" that person during the interview. When the owner describes your duties, ask questions about anything you don't understand.

Before you begin the role plays, the whole class can list on the board these things: (1) questions the owner can ask to find out if the applicant qualifies for the job; (2) duties the owner can describe to the applicant; and (3) kinds of background and personal qualities applicants can have.

Those lists can help you in your role plays. At the end of each interview the owner should decide whether to hire the applicant. Talk about the reasons for your decision.

UNIT 5

Organizing the Work

Goal: To help you organize the work of your pest control service.

Objective 1: On a work order form, list what needs to be done for one of your customers.

Objective 2: Write a work schedule for yourself or an employee.

EVERY DAY IS DIFFERENT

After Eric's service gets started, friends ask, "What's a typical day like for your service?" Eric smiles and answers, "That's a tough question, because every day is different! For example, this is how yesterday began.

"My sprayers started work at 6:00 a.m. We start early during the summer for two reasons. First, heat affects some of our sprays. We have to stop spraying when the temperature gets above 85 degrees. Second, wind above five miles per hour can make sprays drift. Around here, the temperature and wind both rise by midday in the summer. So we try to get our spraying done early.

"Well, yesterday, the first work order on our schedule was to spray some oak trees. Fifteen minutes after my crew started spraying, the wind came up and they had to stop. It's hard to tell how long a wind like that will keep up. So they called me.

"I decided they should move on to the next job on our schedule. That job didn't require spraying. If the wind stopped after that, they could go back to the first job. If the wind kept up, we'd have to reschedule the oak tree job for another day.

"I schedule each day's work orders ahead of time, so we're organized. Every member of my staff knows the schedule for the day. But lots of unplanned things can come up that make us shuffle jobs around. Some days I spend all my time on the phone with my customers and crew. Thanks to the wind, yesterday was one of those days!"

Organizing the Work

Eric says that every day is different for his service. It will be like that for your pest control service, too. Each day will have different customers and jobs to be done. So it is important that your work be well organized. To organize the work well, you must keep track of the work and schedule the work.

Keeping Track of the Work

Keep track of the work to be done. This will help you schedule your staff assignments. It will also help you respond to customer work orders promptly.

In a pest control service, most of your customer work orders will be taken over the phone. So you will need some way to keep track of requests as they come in. You should keep records of at least the following basic information:

- customer name, address, and phone number;
- date and time the customer calls;
- what the person wants done; and
- what you do about his or her request.

An easy way to keep track of customer requests is to keep a file on each customer. Every time that customer calls, you add the new request to the file.

You can check the file to see what services you have given the customer before. If customers have questions about what you've done for them, you can quickly look in the file to find out.

Scheduling the Work

Eric is organized. He schedules each day's work ahead of time. That way all staff members know their responsibilities each day. The form Eric uses for each day's schedule looks like this.

WORK SCHEDULE

Date: _____

CUSTOMER NAME AND ADDRESS	WORK TO BE DONE	TIME	SPRAY	
			TYPE	AMOUNT

He uses as many pages as he needs for each day. His form is simple and gives him the basic information he needs for scheduling:

- customers' names and addresses;
- work to be done for each customer;
- time to start work for each customer; and
- the pest control solution and amount to use.

Eric's staff get copies of the schedules so they can plan their work.

Eric's daily schedules help him in other ways besides planning each day's work ahead of time.

- Eric must submit reports to his county and state agricultural commissions. The reports must show what work he did and what pesticides he used. Eric gets this information from his daily schedules.
- When unplanned things happen that throw the schedule off, Eric can quickly see which customers to call about changes.
- If Eric needs to contact any of his staff quickly, he checks the schedule to see where they are at that time.

- If staff members have problems with the schedule, they can tell Eric exactly which work they think won't get done. Eric makes all the final decisions, but he's always willing to discuss changes with his staff.

Scheduling the owner's work is not easy! You need to be "on top" of everything that your service does. You will spend time doing all of these things:

- Hiring staff
- Training staff
- Organizing the work
- Supervising staff
- Keeping records of work
- Keeping financial records
- Talking with clients
- Handling staff problems
- Meeting with other people you deal with (accountant, insurance agent, car and equipment leasers, and others)
- Dealing with emergencies
- Solving routine problems
- Planning for the future.

With all those things to do, you can see why it is important to be organized.

Summary

You now know some of the things Eric does to keep track of the work and schedule the work. Keep these things in mind when you organize the work of your service.

Learning Activities

Individual Activities

Use the form below for items 1 and 2.

WORK SCHEDULE

Date: _____

CUSTOMER NAME AND ADDRESS	WORK TO BE DONE	TIME	SPRAY	
			TYPE	AMOUNT
Mrs. Cole, 12 River Dr.				
Mr. Forest, 1 Beech Rd.				

1. Mrs. Cole has asked you to spray her oak trees against a pest. You schedule the job for tomorrow morning at 8:00 a.m. You will need two gallons of Oak Spray #2. Fill in the missing information on the WORK SCHEDULE.

2. Mr. Forest also wants his oak trees sprayed. He lives close to Mrs. Cole. So you schedule his job for 9:00 a.m. tomorrow. You will need one gallon of Oak Spray #1. Fill in the missing information on the WORK SCHEDULE.

3. Call one or more pest control services. Ask how they keep track of the requests they get from customers. If you call more than one service, does each one keep track the same way? If not, what's different?

4. Call one or more pest control services. Ask if they make schedules for the work to be done each day. If so, ask if they will briefly tell you what the schedules show. If you call more than one service, does each one schedule its work the same way? If not, what's different?

5. Design a form you could use to keep track of phone requests you get at your pest control service. You can use 5" x 7" file cards or any other form that would work for you. Remember to include the basic information you need about customer requests.

Discussion Questions

1. Do you think it's important to keep track of the customer requests a pest control service gets over the telephone? Why, or why not? If you think it's important, what kinds of information should you keep track of for each request?

2. Do you think Eric's WORK SCHEDULE will help him organize the work of his service? Why, or why not? Would you change it? If so, how and why?

3. Do you think pest control service owners are busy people? Why, or why not? What are some of the things they do? Would you like doing those things? Why, or why not?

Group Activity

Look at the list of things the owner of a pest control service has to do. The list is in your text, right before the Summary for this unit. Can you think of other things the owner might have to do? Add them to the list.

On the chalkboard make two columns with these headings:

Every Day	Not Every Day

For each thing on your list, decide whether you would have to do it every day when you run your service. Write it in the column where you decide it belongs.

Try to decide how much time you think you would spend doing each thing. For each thing in the "Every Day" column, write down how many hours you would spend on it every day. For each thing in the "Not Every Day" column, write down how many hours you would spend on it each week.

Does it look as if you will work many hours running your pest control service?

UNIT 6

Setting Prices

Goal: To help you decide how to set prices for your pest control service.

Objective 1: Pick the best price for one of your services.

ERIC SETS PRICES

One of Eric's employees asks how Eric set prices for his services. Eric explains:

"I knew how much my former boss charged for his services. I also called other pest control services to find out their prices. That gave me an idea of what average prices are now. I don't want to charge too much or too little for our services.

"Right now we have no competition in our location. So I don't have to worry about setting my prices very low to attract customers. But we probably will have competition soon. I don't want very high prices that people won't like.

"We have many new trees and gardens in our location. So I knew there would be high demand for our services. I may need to buy another spray rig and hire more staff soon. That means my expenses for running the service may go up quickly. I'd like to make enough money to cover those expenses without another bank loan this year.

"As you can see, I thought about a lot of things when I set our prices!"

Setting Prices

How will you decide how much to charge for your service? Here are some things to think about when you set prices.

- What are your costs for supplies and workers?
- How much demand is there for your service?
- How much competition do you have?
- What are your expenses to keep the service running?
- How much profit do you want to make?

Read on to learn more.

Costs for Supplies and Workers

You will have many expenses when you start your service. Most spray rigs are custom made and are very expensive. You will also buy hoses, spray guns, spray materials, and protective equipment such as masks and goggles. You will probably also buy office furniture and supplies.

To attract and keep excellent staff, you may want to offer higher than average salaries or other benefits. Costs for workers include the liability insurance you will need. You already know that there are many other start-up costs.

Costs for most things go up with time. Inflation may make the costs for your supplies and workers go up. But your customers won't like it if your prices go up often. So don't set your prices too low at first. If your costs go up a lot, you may have to raise your prices soon. Your customers won't like that!

Demand for Services

Your customers will pay more for services they want than for those they don't want. They will also pay more for a service they want if it's the only one around. So you need to decide how popular your service is.

For example, Eric knew there would be high demand for pest control services in the new housing development. Many people would want their young trees and gardens protected against pests. That means they would probably pay well for the service.

Competition

Right now, Eric has no competition in his location. His pest control service will get customers partly because it is the only one in the neighborhood. So he doesn't have to worry about competitors charging lower prices.

But Eric probably will have competition someday. If you can offer lower prices, your customers will be happy. If you can't offer lower prices, you must convince customers that your service is better. Then they won't mind paying you more.

Costs and Expenses

You also need to think about costs of spray materials and expenses to keep your business running, such as:

- office supplies;
- rent and utilities (phone, electricity, water, heat);
- salaries;
- advertising;
- insurance;
- maintenance (spray rig and other equipment); and
- professional services (accountant, lawyer, insurance agent).

Remember that you will need enough insurance to cover claims of damage to people or property. Your salary expenses will depend on how many employees you have.

Eric may need to buy another spray rig and hire more staff soon. So his operating expenses may go up quickly.

You will need to figure out how high your operating expenses will be. If they are very high, you may decide to charge more for your services. Or you may figure out how to cut your operating expenses.

Profit

How much money do you want your service to make in a month or a year? That amount is your "profit goal." It should be at least enough to cover your expenses and pay salaries.

Many small business owners give themselves only a small salary at first. They want to be sure they have enough money to keep the business running and to pay their staff.

Eric's profit goal is to make enough money to cover his expenses without another bank loan this year. How high you set your prices will depend partly on how much profit you want to make.

Examples

Here are examples of how some pest control services set their prices.

For outdoor spraying of trees, some services charge a certain amount according to each gallon of spray material used.

For indoor pest control, some services charge according to house size. The larger the house, the higher the price.

Many pest control services guarantee their work for a certain period of time. So you may have to do some jobs over again at no charge to get rid of pests during the guaranteed period.

Summary

You now know things to think about when you set your prices. Those things include costs of supplies and workers, demand, competition, operating expenses, and profit.

Learning Activities

Individual Activities

1. Call two or more indoor pest control services. Ask what they charge for their services. Compare their prices. Are they the same? Which service would you choose? Why?

2. Call two or more outdoor pest control services. Ask what they charge. Compare their prices. Are they the same? Which service would you choose? Why?

3. Wing Lee runs an indoor pest control service. She wants to expand her service to include outdoor pest control, too. There's a lot of competition in outdoor pest control in her area. Do you think Wing should charge more, less, or about the same as her competition? Why?

4. Pretend that after two years, Eric has more customers than he can serve. He decides to buy another spray rig and hire two more employees. His operating expenses have gone up a lot in two years. Eric is thinking about raising his prices a little. Do you think he should? Why, or why not?

5. Pretend you are just starting an outdoor pest control service. Your competition charges $35 per gallon for tree spraying. If you charge $35 per gallon, you will make a big profit. But you will also make a profit if you charge only $30. Which price will you charge, and why?

Discussion Questions

1. Do you think it was a good idea for Eric to call other pest control services to find out their prices? Why, or why not?

2. Pretend there are two other pest control services in Eric's location, so he has a lot of competition. He knows their prices. He could set his prices lower, higher, or about the same as theirs. What do you think he will decide, and why?

3. What do you think will be Eric's highest operating expenses? Why? What do you think will be his lowest operating expenses? Why?

Group Activity

Divide into two or more groups. Each group should write down this list of things to think about when you set prices:

- cost of supplies and workers;
- demand for services;
- competition;
- operating expenses; and
- profit.

Read the following case study. Which of the five things do you think will be most important to Eve when she sets prices? Which will be least important? When all groups have finished, report to each other what you decided. Did all groups choose the same things? If not, talk about why you decided what you did.

"PEST-AWAY, INC."

Eve has just started "Pest-Away, Inc." She knows there is a high demand for pest control in her city. There's also a lot of competition.

Eve plans to use new pest control materials that are guaranteed not to harm people or pets. Eve thinks many customers will like that.

Eve hired the best staff she could find, and she pays them well. If her service does well, she plans to buy another spray rig and hire more staff next year. She plans to cover her operating expenses before taking a salary for herself this year.

UNIT 7

Advertising and Selling

Goal: To help you learn ways to advertise and sell your services.

Objective 1: Pick one way to advertise your pest control service.

Objective 2: Design a printed ad for your pest control service.

ERIC ADVERTISES

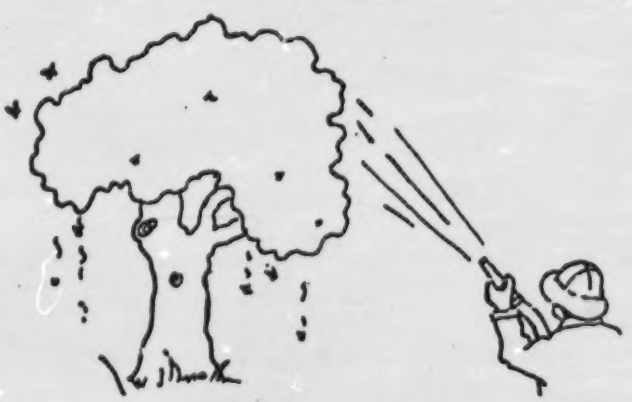
Eric knows there are many ways to advertise. He decides to start with a printed ad. He can put the ad in the Yellow Pages and newspapers. He can also mail the ad to potential customers. This is Eric's idea for his first ad.

PEST EXIT, INC.

Keep your trees and gardens beautiful. Protect them from pests that can destroy their health. We offer:

- tree and garden spraying;
- free estimates; and
- guaranteed results.

We are state licensed professionals. Call us today to get fast action!



Pest Exit, Inc.
42 Arbordale
457-3862

Advertising and Selling

You will be selling services, not products. The pest control services you offer will protect your customers' homes and yards. Some pest control companies also serve schools and businesses. Your service may offer indoor, outdoor, or both types of pest control.

Since there are many types of pest control, you will want to advertise exactly what your service offers. You want your advertising to attract customers to your service. Read on to get some ideas on how to advertise and sell your services.

Plan Your Advertising

There are six decisions to make when you plan your advertising.

1. Who is your audience? Eric aims his advertising at people who want to keep their trees and gardens healthy.
2. Why are you advertising? Eric advertises to attract potential customers.
3. How will you advertise? Eric starts with a printed ad. He can use the ad in several ways.
4. What will your ad say? Eric's ad tells what services he offers. It also gives the address and phone number so customers can contact him.
5. When will you advertise? You will definitely want to advertise when you start your service. Also, if you change the services you offer, you will want to let people know. If you have an ad in the Yellow Pages, people can find out about your service.
6. How much will your advertising cost? There are set prices for newspaper and Yellow Pages ads. Printing costs for brochures and fliers vary. Costs for television and radio ads depend on how long they are. Some ways to advertise are much more expensive than others.

Ways to Advertise

There are many ways to advertise your pest control service. Here are some ideas:

- the Yellow Pages;
- newspaper ads;
- radio ads;
- television ads;
- brochures you mail to potential customers;
- fliers you put on cars or doorknobs; and
- your company's name on the spray rigs where people will see it.

Advertising in the Yellow Pages is one of the best ways. Many potential customers will look in the Yellow Pages when they need pest control services.

"People" Ads

You and your staff can do a lot personally to advertise and sell your services. Every day you will talk with customers on the phone or in person. You will attract and keep customers if they consider you well-qualified and competent. That's one reason to hire the best staff you can.

Some pests are harder to control than others. Your customers will appreciate it if you give them estimates before you start work. They will also appreciate it if you guarantee your work and promise to redo jobs at no charge if necessary.

One of the best ways of advertising and selling is to keep your customers happy with your service. If they are satisfied with your work, they will tell their friends about you.

How to Design Printed Ads

Printed ads will probably be a big part of your advertising. These include newspaper ads, Yellow Pages ads, brochures, and fliers. Printed

ads should have these five parts: headline, illustration, copy, layout, and identification.

Headline. The headline of Eric's ad is PEST EXIT, INC. Your headline should attract attention. It should make people want to read the rest of the ad.

Illustration. Eric's illustration of a tree will remind people of his service. Your illustration should do the same.

Copy. This is what you write about your service. It should do these things.

- Appeal to customers' needs. For example, Eric's copy points out that pests can harm trees and gardens.
- Describe your services. Eric lists the services he offers. He also states that his service is state licensed.
- Call for customer action. Eric's ad tells people to call today to get fast action.

Layout. This is the way you organize your ad on the page. Eric's ad is simple and easy to read. Your layout should make your ad attractive.

Identification. Give the name, address, and phone number of your service so customers can contact you. Eric's identification is at the bottom of his ad.

A good printed ad gives important information about your service. It should be simple and truthful. Use your imagination to make your ads attractive.

Summary

You now know ways to advertise and sell your pest control services. You can decide which ways you will use. You also know about the five parts of printed ads.

Learning Activities

Individual Activities

1. Look up two or more pest control services in the Yellow Pages. Call them and ask what ways they advertise in addition to the Yellow Pages. Ask why they picked those ways.

2. Pick two or more ways to advertise. For example, you might pick the Yellow Pages, newspaper ads, radio, and fliers. Find out the costs for each. If you can, figure out how much it would cost you per month to advertise your services each way.

3. Look at two or more pest control service ads in the Yellow Pages or newspaper. Do they each have a headline, illustration, copy, layout, and identification? Which ads do you think are best, and why? Can you think of ways to make them better? If so, how?

4. Pretend that your indoor pest control service is going well. You decide to expand and offer outdoor pest control, too. How will you advertise this change? Write a paragraph about how you will advertise, and why you picked the way(s) you did.

5. Design a printed ad for your pest control service. Include a headline, illustration, copy, layout, and identification. Use your imagination!

Discussion Questions

1. Do you think Eric's ad will attract customers? Why, or why not?

2. What other ways of advertising do you think Eric will decide to use, and why?

3. Pretend you are running your pest control service now. Think about all the ways of advertising. Which ways do you think would take the most time for you to do? Why? Which ways would take the most money? Which ways would reach the most customers? Why? Which ways would you decide to use, and why?

Group Activity

Bring to class as many different pest control service printed ads as you can find. Divide into small groups so that each group has at least one ad.

Each group will decide if its ad has these five parts: headline, illustration, copy, layout, and identification. If parts are missing, what are they? Can your group think of ways to improve its ad?

When all groups have finished, take turns showing your ads to each other. Each group will point out its ad's parts. The group will talk about any ways to improve the ad. The other groups can make suggestions, too.

When all groups have reported, decide which ads you think are best, and why.

UNIT 8

Keeping Financial Records

Goal: To help you learn how to keep financial records for your pest control service.

Objective 1: Fill out a customer billing form for services you do for a customer.

Objective 2: Fill out a daily cash sheet for money you receive and pay out in one day.

ERIC WORKS ON FINANCES

Eric spends some time every day working on his service's finances. He decided to keep all the financial records himself at the start. That quickly became a huge task. Eric soon turned most of the daily recordkeeping over to his secretary, Stan. But Eric still carefully examines the daily cash sheet.

Every day Stan records customer orders and payments. He also pays bills that are due. Stan asks Eric's advice on any problems that come up. Today, Stan is showing Eric payments they got and bills they paid:

"Today we got payments from these customers:

Mrs. Abernathy	$ 85
Mr. Carver	$110
Ms. Herrerra	$ 50
Mr. Trip	$200.

That's a total of $445. We paid these bills:

Equipment maintenance	$100
Office supplies	$ 20
Newspaper ad	$100.

Tomorrow, I'll do the week's payroll checks."

Eric keeps copies of every bill and payment. That way he knows the date of each. Keeping records helps him answer customers' questions about their bills. The records also help him do his service's tax forms.

Keeping Financial Records

When you run your pest control service, you will need to keep track of finances. That includes income and expenses. Financial records help you to:

- see how your service is doing;
- make business decisions; and
- fill out income tax forms and other government reports.

An accountant can give you advice about your financial records. You may want to hire a bookkeeper or train a staff member to help you keep records.

What records will you need? You will need a way to bill customers for your services. You will also need to keep track of money you receive and money you pay out each day. Read on to learn more.

Customer Billing Form

Decide how often to bill your customers. Eric prepares an invoice for each job as soon as it is done. Then he mails a complete bill to his customers once a month. The customer billing form he uses is shown on the next page.

PEST EXIT, INC.

CUSTOMER BILLING FORM

Customer: Mrs. Romero

Payment Due Date: 5/15

Date	Dates of Service	Amount Charged	Payment Received	Balance
4/15	4/1-4/15	$35	$35	-
4/30	4/16-4/30	$50	-	$50

You can see on the form that on April 15 Eric charged Mrs. Romero $35 for services during April 1-15. Mrs. Romero paid that. On April 30, Eric charged her $50 for services during April 16-30. She hasn't paid that yet, so she owes a balance of $50.

Eric attaches the following form to show Mrs. Romero exactly what services were provided:

SERVICES PROVIDED		
Date	Services	Amount Charged
4/7	Spray tomato plants	$35
4/18	Spray oak trees	$50

The form shows customers the dates and amounts charged for the services.

Eric's forms can give you ideas for what you will decide to use in your pest control service. The exact forms you decide to use will depend on what your service is like.

Daily Cash Sheet

Eric uses the following daily cash sheet to keep track of money he receives and pays out each day. Your daily cash sheet will depend on what you decide will work best for your service.

DAILY CASH SHEET

April 12

Cash Receipts		Cash Payments	
Cash Sales	$575	Salaries	$800
Credit Accounts	___	Building Expenses	___
		Equipment & Furniture	___
		Supplies	100
		Advertising	___
		Other	___
TOTAL CASH RECEIPTS	$575	TOTAL CASH PAYMENTS	$900

You can see that on April 12, Eric received $575 in customer payments. He also paid out a total of $900.

Eric summarizes his daily cash sheets at the end of each month. At the end of the year he summarizes the monthly reports. This gives him a yearly report on his overall profit and loss. You will learn more about this in the next unit.

Summary

You have seen a sample customer billing form and a daily cash sheet. Forms like these can help you keep financial records you need for your pest control service. The exact forms you decide to use will depend on what your service is like.

Learning Activities

Individual Activities

1. Fill out Eric's DAILY CASH SHEET for the day described in the case study for this unit.

DAILY CASH SHEET April 11			
Cash Receipts		Cash Payments	
Cash Sales	____	Salaries	____
Credit Accounts	____	Building Expenses	____
		Equipment & Furniture	____
		Supplies	____
		Advertising	____
		Other	____
TOTAL CASH RECEIPTS	____	TOTAL CASH PAYMENTS	____

2. On May 15, Eric charged Mr. Lee $45 for services during May 1-15. On May 31, he charged Mr. Lee $90 for services during May 16-31. Eric hasn't received any payments yet from Mr. Lee. Fill out the CUSTOMER BILLING FORM on the next page for Mr. Lee's account. Payment is due June 15.

PEST EXIT, INC.

CUSTOMER BILLING FORM

Customer: _____

Payment Due Date: _____

Date	Dates of Service	Amount Charged	Payment Received	Balance

3. Call two or more pest control services. Ask how how often they bill customers, and what kind of billing forms they use. If possible, get copies of their forms. Compare the forms to each other and to Eric's.

4. Call two or more pest control services. Ask if they keep daily cash sheets of money received and paid out. Ask what the forms are like, and get copies if possible. Compare them to each other and to Eric's.

5. Design a customer billing form or a daily cash sheet for your own pest control service. Fill in some sample information to show how it will work.

Discussion Questions

1. Why do you think Eric decided to keep all the financial records himself at first? Do you think that was a good decision? Why, or why not?

2. Do you think Eric's forms will help him do a good job keeping track of finances? Why, or why not? Can you think of ways to improve his forms?

3. What other kinds of financial records does a pest control service owner probably keep, and why?

Group Activity

Divide into small groups. Each group should decide the type of pest control service it will run. Try to have the groups pick different types. For example:

Group 1 - Indoor pest control

Group 2 - Outdoor pest control

Group 3 - Indoor/outdoor pest control for homes only

Group 4 - Indoor/outdoor pest control for homes and businesses

Each group should decide exactly what services it offers. For example, Group 1 might decide it will offer to do termite inspections when homes are sold, plus basic pest control. Then decide how much you will charge for each service.

Now design a customer billing form and a daily cash sheet for your service. Fill in some sample information to show how to use your forms.

When all groups have finished, take turns showing your forms to the other groups. Say why you designed them the way you did. Show how to use them.

UNIT 9

Keeping Your Pest Control Service Successful

Goal: To help you learn how to stay successful.

Objective 1: Figure out the net profit (before taxes), profit ratio, and expense ratio for a pest control service.

Objective 2: State one way to increase profits.

Objective 3: State one way to change your pest control service to increase sales.

WILL ERIC STAY SUCCESSFUL?

After two years, Eric is still in business. Pest Exit, Inc. has a reputation for doing high-quality work. The number of customers is growing.

Lately some of Eric's customers have been bothered by ants in their homes. Eric now plans to expand his service to include indoor pest control. To handle all the work, he needs to hire more employees. So his salary and insurance expenses will go up.

He also needs to buy another spray rig. He may need a bank loan to help buy it. Eric is a little worried about his finances. "It's great that I'm getting more customers all the time," he thinks. "But my expenses are going up a lot. I don't want expenses to increase faster than profits. I may need to raise my prices. After all, I haven't raised them in two years."

Eric examines his financial records for the last two years. Income and expenses were as follows:

	Year 1	Year 2
Income		
Customer payments	$100,000	$110,000
Costs of Goods Sold	38,000	42,000
Gross Profit	$ 62,000	$ 68,000
Expenses		
Salaries	$ 25,000	$ 29,000
Building Expenses	6,500	7,000
Supplies	2,000	3,000
Advertising	3,000	3,500
Other (insurance, repairs and depreciation, etc.)	7,500	8,000
TOTAL	$ 44,000	$ 50,500

Eric decides he does have a problem. Even though customer payments have increased, expenses have increased more. Profits have decreased. Eric decides to make some changes to try to increase his profit.

Keeping Your Pest Control Service Successful

Every small businessperson wants to be successful. How can you keep your pest control service successful? Here are several important ways:

- make sure you have enough cash;
- keep your profits up and costs down; and
- make changes in your service when necessary.

In the last unit you learned how to keep track of your finances. That will help you make sure you have enough cash.

In this unit you will learn how to:

- keep track of your profits and increase them; and
- change your service to increase sales.

Keep Track of Profits

To keep track of profits, you must keep records of your income and expenses each year.

Profit/loss statement. Eric summarizes his yearly income and expenses on a profit/loss statement, as shown on the next page. Cost of goods sold refers to the cost of the spraying materials he uses every year. Gross profit equals income minus cost of goods sold. Expenses refer to the other costs of keeping his business running.

TWO-YEAR PROFIT/LOSS STATEMENT

	Year 1		Year 2	
	$	%	$	%
Income				
Customer Payments	_____	100%	_____	100%
Cost of Goods Sold	_____		_____	
Gross Profit	_____		_____	
Expenses				
Salaries	_____		_____	
Building Expenses	_____		_____	
Supplies	_____		_____	
Advertising	_____		_____	
Other	_____		_____	
TOTAL	_____	___	_____	___
Net Profit (before taxes)	_____	___	_____	___

To find his net profit he subtracts total expenses from gross profit. You can see that the profit/loss statement shows 100% next to total income. The blank space in the percentage column next to total expenses is for the expense ratio. The blank space in the percentage column next to net profit is for the profit ratio. The ratios can help you compare your expenses and profits from year to year.

Pretend these are the totals for your service one year:

total income = $100,000;

cost of goods sold = $30,000;

total expenses = $50,000;

net profit = $20,000.

This is how you would compute your expense and profit ratios:

$$\text{Expense Ratio} = \frac{\text{Expenses}}{\text{Income}} = \frac{\$50,000}{\$100,000} = 50\%$$

$$\text{Profit Ratio} = \frac{\text{Net Profit}}{\text{Income}} = \frac{\$20,000}{\$100,000} = 20\%$$

You can compare those ratios to the ratios for other years. A year when your profit dollars and profit ratio are higher is a better year.

Improving profits. If you think your profits are too low, you will try to increase them. Three ways to increase profits are to increase sales, raise prices, and reduce expenses.

Raising prices is simple. But you must be sure you won't lose customers because of it.

Reducing expenses is not always easy. You need to look carefully at all your expenses and decide where you can save.

To increase sales, you probably will need to change your service in some way. Read on to learn more.

Change Your Business to Increase Sales

If you want to increase sales to raise profits, you can:

- improve the quality of your service; and
- change the services you offer.

You may decide to do one or both of these things. First, you must figure out what will help increase sales. Talk to your customers and staff. Look at any changes in your community and competition. Study new business trends.

Eric decides to make changes to try to increase his profit. He may raise his prices for the first time in two years. Customers are pleased with the quality of his service so he doesn't need to improve that. He may change the services he offers by adding indoor pest control. If he adds services, he hopes they will help increase sales.

Summary

A profit/loss statement keeps track of your yearly income, expenses, and net profit. Compare the statements from year to year to see how your service is doing. The expense and profit ratios can help you compare years.

To increase profits, you must increase sales, raise prices, or reduce expenses. To increase sales, improve your quality or change your services.

Learning Activities

Individual Activities

Use Eric's case study to do the following. Write your answers on the two-year profit/loss statement in the unit or use another piece of paper.

1. Fill in income, cost of goods sold, gross profit, and expenses for both years.
2. Comput net profit for both years.
3. Compute expense ratios for both years.
4. Compute profit ratios for both years.
5. Which year was a better one for Eric?

Discussion Questions

1. Eric's service made money both years. So why is he worried about profits? If you were Eric, would you be worried? Why, or why not?

2. What do you think Eric will do to try to increase profits? Why? Do you think his profits will increase? Why, or why not?

3. List all the reasons you can think of why sales of a pest control service might decline.

Group Activity

Here are new facts about Eric's service in its third year. Read them and plan how Eric can increase his profits. If you do this in small groups, take turns reporting your plans when they're done.

1. People in other neighborhoods have heard about Eric's service from their friends. Eric is considering changing his location to serve a larger area.

2. Several customers have asked Eric to inspect their homes for termites and other pests once a year. Eric is considering advertising "yearly home check-up" as a new service.

3. Another pest control service is trying to attract customers in Eric's location.

SUMMARY

You've seen how Eric starts his pest control service. It takes a lot of planning to get off to a good start. Eric looks at his competition and customers. He plans how to make his service "stand out" from its competition. He finds out about legal requirements for running it. He picks a location and applies for a loan to get started.

Eric hires the best people he can. He knows his staff will be a key part of making his service a success. He also sets prices and plans how to advertise.

Eric knows it is important to keep financial records. He reviews his financial records carefully to see if his service is staying successful. He know how to compare finances from year to year. He also knows ways to increase profits if he needs to.

To own and operate a successful pest control service, you need several things. You need training in pest control, work experience, and the special business management skills we have covered in this module. If you have not had a course in pest control, you should take one before deciding to own a pest control service. You can learn business management skills through business classes or experience. Another way to learn is by using the advice and example of an expert.

You may not make a lot of money by owning a pest control service. However, you would have the personal satisfaction of

being responsible for your business and making your own decisions. Think about how important these things are to you in considering whether you should start your own pest control service.

QUIZ

1. What is one thing a pest control service does for customers?

_____

2. Which person would be better at running a pest control service?

_____ a. Steve thinks he could make a lot of money that way, but he doesn't know much about it.

_____ b. Sharon worked for a pest control service while she studied business in college.

3. What are two ways to make a new pest control service "stand out" from its competition?

a. _____

b. _____

4. What are two special legal requirements for running a pest control service?

a. _____

b. _____

5. List three questions to ask yourself when you're picking a location for your service.

a. _____

b. _____

c. _____

6. Which location would be best for a pest control service?

_____ a. Top floor of a tall office building

_____ b. Business area with many homes nearby

_____ c. Run-down part of town

7. List three things to include in a business description when you apply for a loan.

   a. _____

   b. _____

   c. _____

8. Pretend your total starting expenses are $25,000. You have $10,000 of your own, and a friend will invest $5,000 in your service. How much do you need to borrow from the bank?

   _____

9. Put an S next to the employee you will assign to answer the phone. Put an O next to the employee you will assign to operate a spray rig.

   _____ a. Pat likes outdoor work and has studied plants and insects.

   _____ b. Kim has excellent secretarial and bookkeeping skills.

10. Check the best person to hire as a spray rig operator.

   _____ a. Ken was fired from his last job because he was late for work too often.

   _____ b. Max's former employer says he was a careful worker who always operated equipment safely.

   _____ c. Kris wants outdoor work but is allergic to some plant pollens.

11. What is one kind of on-the-job training you might give your spray rig operators?

   _____

12. Which form would you use to list work to be done for your customers tomorrow?

   _____ a. Work order schedule

   _____ b. Monthly financial report

   _____ c. Supply order form

13. Which person's work is hardest to schedule?

_____ a. Spray rig operator

_____ b. Pest control service owner

_____ c. Pest control service bookkeeper

14. List two things to think about when you set prices for your pest control service.

a. _____

b. _____

15. You don't have much money for advertising your service. Which way of advertising will you use?

_____ a. Radio ads for two weeks

_____ b. Yellow Pages ad

_____ c. Television ad for two weeks

16. What are the parts of a printed ad?

_____ a. Headline, illustration, copy, layout, identification

_____ b. Illustration, layout, indentification, copy

_____ c. Identification, layout, copy, headline

17. Which two kinds of information would probably be on a customer billing form?

_____ a. Payment received from the customer

_____ b. Balance the customer owes

_____ c. Monthly rent for your office

18. Which of these would be in the "Cash Receipts" part of your daily cash sheet?

_____ a. Customer payments

_____ b. Advertising costs

_____ c. Insurance costs

19. Carmen Corleone runs a pest control service. Her end-of-the-year records show total income of $100,000, cost of goods sold of $30,000, and total expenses of $50,000. Compute the following.

a. Net profit = $_____

b. Profit ratio = _____%

c. Expense ratio = _____%

20. Carmen's profits decrease the next year. List two things she can do to increase profits.

a. _____

b. _____

21. Carmen doesn't want to raise her prices. What is another thing she could do to increase sales?

_____

U.S.GPO:1981:791-796/303

PROJECT PRODUCTS

Entrepreneurship Training Components

Vocational Discipline	Module Number and Title
General	Module 1 - Getting Down to Business: What's It All About?
Agriculture	Module 2 - Farm Equipment Repair
	Module 3 - Tree Service
	Module 4 - Garden Center
	Module 5 - Fertilizer and Pesticide Service
	Module 6 - Dairy Farming
Marketing and Distribution	Module 7 - Apparel Store
	Module 8 - Specialty Food Store
	Module 9 - Travel Agency
	Module 10 - Bicycle Store
	Module 11 - Flower and Plant Store
	Module 12 - Business and Personal Service
	Module 13 - Innkeeping
Health	Module 14 - Nursing Service
	Module 15 - Wheelchair Transportation Service
	Module 16 - Health Spa
Business and Office	Module 17 - Answering Service
	Module 18 - Secretarial Service
	Module 19 - Bookkeeping Service
	Module 20 - Software Design Company
	Module 21 - Word Processing Service
Occupational Home Economics	Module 22 - Restaurant Business
	Module 23 - Day Care Center
	Module 24 - Housecleaning Service
	Module 25 - Sewing Service
	Module 26 - Home Attendant Service
Technical	Module 27 - Guard Service
	Module 28 - Pest Control Service
	Module 29 - Energy Specialist Service
Trades and Industry	Module 30 - Hair Styling Shop
	Module 31 - Auto Repair Shop
	Module 32 - Welding Business
	Module 33 - Construction Electrician Business
	Module 34 - Carpentry Business
	Module 35 - Plumbing Business
	Module 36 - Air Conditioning and Heating Service

Related Resources

Resource Guide of Existing Entrepreneurship Materials

Handbook on Utilization of the Entrepreneurship Training Components